

Message Text

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PAGE 01 ANKARA 09059 141232Z
ACTION EUR-12

INFO OCT-01 ISO-00 EB-08 L-03 INT-05 AID-05 CIAE-00
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FM AMEMBASSY ANKARA
TO SECSTATE WASHDC PRIORITY 9836
INFO AMCONSUL ISTANBUL

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E.O. 11652: NA
TAGS: BTRA, BDIS, TU
SUBJECT: NATISCO-TURKISH IRON AND STEEL COMPANY (TDCI) DISPUTE

REF: STATE 294334

1. IN ACCORDANCE WITH REFTTEL EMBASSY HAS AGAIN DISCUSSED
THIS CASE WITH SEFIK DIZDAR OF PROCUREMENT DEPARTMENT TDCI,
WITH FOLLOWING RESULTS.

2. ACCORDING TO DIZDAR'S LATEST UNDERSTANDING, PALMER HAS
AGREED TO A MEETING IN TURKEY WITH TDCI AND TURKIYE IS
BANKASI OFFICIALS DURING FIRST WEEK OF JANUARY 1978. PALMER
ORIGINALLY SUGGESTED MEETING TAKE PLACE IN LONDON, WHICH
WAS NOT FEASIBLE FOR TURKISH OFFICIALS. DIZDAR STATES THAT
AS FAR AS TDCI IS CONCERNED DISPUTE BASICALLY IS SETTLED.
TDCI HAS COLLECTED \$520,000 BOND FROM TURKIYE IS BANKASI
WHICH IN TURN HAS COLLECTED FROM AMERICAN BANKS (PRESUMABLY
INCLUDING CROCKER NATIONAL BANK). DIZDAR DISMISSED OUR
CAUTIOUS INQUIRY AS TO POSSIBILITY PALMER'S DEPARTURE FROM
TURKEY MIGHT BE INTERFERED WITH WITH AMUSEMENT, STATING THAT SUCH
ACTION WAS "IMPOSSIBLE".

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3. VEHBİ GÜNEŞOL, PALMER'S ATTORNEY, IS WELL AND FAVORABLY
KNOWN TO EMBASSY. HE IS GENERAL COUNSEL FOR EREĞLİ STEEL
COMPANY, ORIGINALLY A USAID FINANCED PROJECT, AND ALSO
SERVED AS COUNSEL TO WELLS FARGO BANK IN ITS UNDERTAKING
TO FORM A BANKERS ACCEPTANCE SYNDICATE APPROXIMATELY ONE
YEAR AGO. FOR DEPARTMENT'S INFORMATION ONLY, WE HAVE

DISCREETLY DISCUSSED THIS CASE WITH HIM. HE EXPRESSED THE VIEW THAT PALMER IS UNLIKELY TO RECOVER ANY PAYMENT OF FORFEITED BOND FROM TDCI. GUNESOL BELIEVES THAT BEST PALMER CAN EXPECT IS SOME KIND OF "COMMERCIAL COMPROMISE" IN WHICH TDCI AGREES TO FUTURE PURCHASES FROM PALMER AT FAVORABLE PRICE. GUNESOL ALSO EXPRESSED THE OPINION THERE IS LITTLE LIKELIHOOD PALMER'S DEPARTURE FROM TURKEY WOULD IN ANY WAY BE IMPEDED.

4. WE HAVE BEEN UNABLE TO CONTACT TURKIYE IS BANKASI OFFICIAL INVOLVED IN PALMER CASE AS HE IS ABSENT FROM ANKARA ON BUSINESS. WE EXPECT TO BE ABLE TO REACH HIM IN NEXT DAY OR TWO AND WILL REPORT IF ANY INFORMATION OF INTEREST IS DEVELOPED.
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